

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 70 – HB 321**

February 23, 2013

**SUMMARY OF BILL:** Authorizes, beginning in the 2013-2014 academic year, a 25 percent reduction in tuition, at any state-operated area technical-vocational school or public higher education institution, for every child under the age of 24 whose parent is a retired teacher with 25 years or more of full-time creditable service.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$58,400/FY13-14**

**Exceeds \$62,900/FY14-15 and Subsequent Fiscal Years**

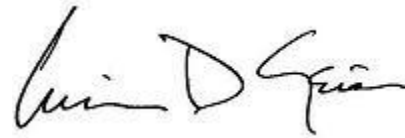
Assumptions:

- Lost revenue for state-operated area technical-vocational schools and higher education institutions resulting from the proposed tuition discount will require additional appropriations of state funds from the General Fund.
- Based on information received from the Tennessee Higher Education Commission (THEC), and information provided by the Tennessee Consolidated Retirement System (TCRS), it is estimated that there will be 85 recipients of the 25 percent tuition discount in FY13-14. Of those, 65 will attend four-year institutions; 19 will attend two-year institutions; and one will attend a technology center.
- In FY13-14, the average discount at a four-year institution will be \$771; at a two-year institution will be \$425; at a TTC will be \$246.
- In FY13-14, the tuition discount for students attending four-year institutions is estimated to be \$50,115 (\$771 x 65); for students attending two-year institutions is estimated to be \$8,075 (\$425 x 19); and for the one student attending a TTC is estimated to be \$246 (\$246 x 1).
- The total increase in state fund appropriations from the General Fund for FY13-14 is estimated to be \$58,436 (\$50,115 + \$8,075 + \$246).

- In FY14-15 and subsequent fiscal years, THEC estimates that annual tuition will rise at least six percent for four-year institutions and three percent for two-year institutions and TTCs. In addition, annual enrollment is expected to rise by at least two percent for all institutions. As a result, it is reasonably estimated that the increase in state fund appropriations from the General Fund will exceed \$62,926  $\{[(\$50,115 \times 106.0\%) + (8,075 \times 103.0\%) + (\$246 \times 103\%)] \times 102.0\%$  in FY14-15 and subsequent fiscal years.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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